



Interim Financial Report

For the six months ended 31 December 2025

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2025 and any public announcements made by Silver Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

ABN: 45 107 452 942

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CORPORATE DIRECTORY

Directors

Keith Perrett – Non-Executive Chairman
Jonathan Battershill – Managing Director
Kristen Podagiel – Non-Executive Director
Robert Dennis – Non-Executive Director

Company Secretary

Trent Franklin

Australian Company Number

107 452 942

Registered Office

Silver Mines Limited
Level 28
88 Phillip Street
Sydney NSW 2000
Australia

Tel: +61 2 8316 3997

Fax: +61 2 8316 3999

E-mail: info@silvermines.com.au

Website: www.silvermines.com.au

Share Registry

Xcend Pty Ltd
Level 2, 477 Pitt Street
HAYMARKET NSW 2000

Phone: +61 (2) 7208-8033

Email: support@xcend.co

Website: www.xcend.co

Auditors

Ernst & Young
The EY Centre Level 34, 200 George Street,
Sydney 2000 NSW
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959

DIRECTORS' REPORT

The Directors present their report on Silver Mines Limited and its controlled entities for the half-year ended 31 December 2025.

DIRECTORS

The Directors of Silver Mines Limited during the financial period and until the date of this report are:

Keith Perrett *Non-Executive Chairman*

Jonathan Battershill *Managing Director*

Kristen Podagiel *Non-Executive Director*

Robert Dennis *Non-Executive Director*

FINANCIAL RESULTS

For the half-year reporting period to 31 December 2025, the Group recorded a loss of \$1,750,044 (31 December 2024: loss \$2,026,673).

The Group incurred exploration and development expenditure of \$13,443,308 during the current half-year to 31 December 2025 (full year ended 30 June 2025: \$9,037,537). The total net assets of the Group stand at \$197,104,200 (June 2025: \$157,149,543) of which investment in exploration expenditure accounts for \$115,135,268 (June 2025: \$101,661,960).

There were no dividends paid, recommended or declared during the current or previous financial period.

PRINCIPAL ACTIVITIES

Silver Mines Limited ("Silver Mines" or the "Company") and its controlled entities (Collectively, the "Group") focus throughout the first half of the financial year ending 30 June 2026 ("2026 Financial Year") involved the continued advancement of the Bowdens Silver Project, including progressing the Development Consent and other documentation with the New South Wales Department of Planning, Housing and Infrastructure and other government departments for the development of the Bowdens Silver Project. In addition, substantial exploration works continue to be undertaken by the Group at its Bowdens Silver Project and other regional projects both in New South Wales and California.

DIRECTORS' REPORT PROJECTS

The Group has an interest in the following projects:

New South Wales, Australia

- **Bowdens Silver Project (silver/polymetallic) 100% owned** - including exploration prospects at Bara Creek, Coomber and Barabolar; and
- **Tuena Project (gold/silver) 100% owned.**

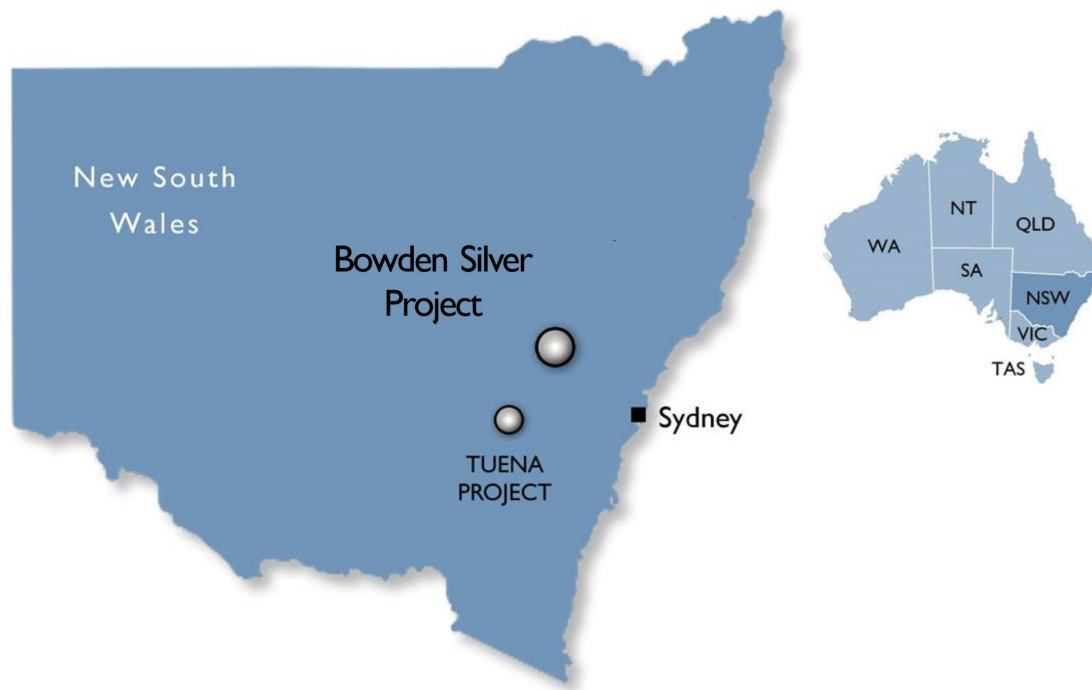


Figure 1. Group Project Locations.

DIRECTORS' REPORT

San Bernardino County California, United States

- **Calico North Project (silver) 100% owned;** and
- **Kramer Hills Project (gold/silver) – right to earn up to 80% under Farm-in arrangement.**

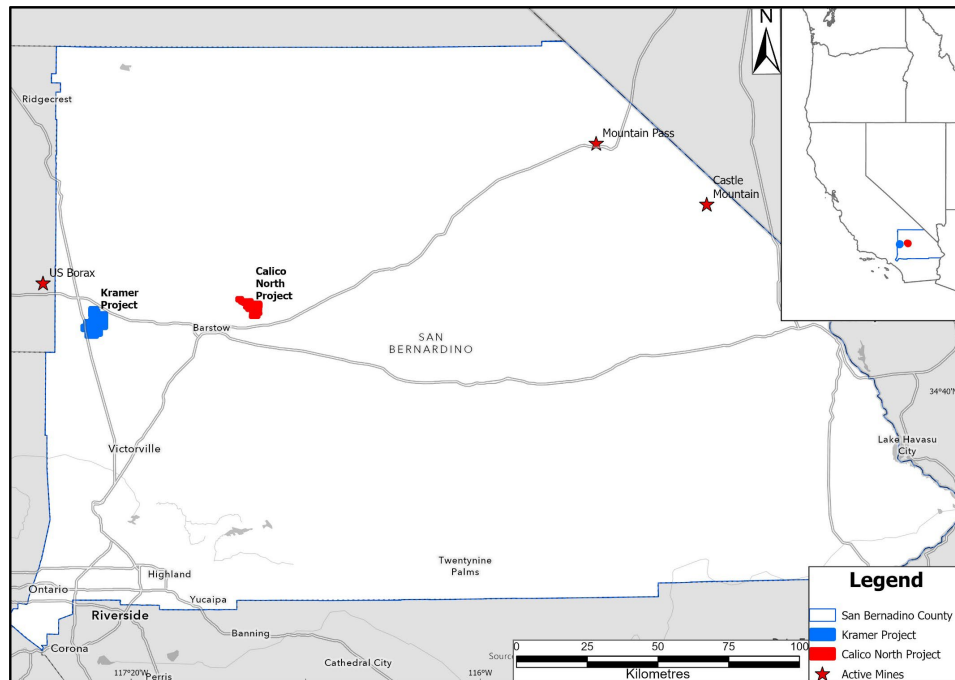


Figure 2. California Project Locations and San Bernardino County Location Map.

DIRECTORS' REPORT

Bowdens Silver Project

Introduction

During the first half of the 2026 Financial Year ("Half Year Period"), the Company focussed on the continued pre-development studies and mineral exploration at the Bowdens Silver Project located near Mudgee in the Central Tablelands Region of New South Wales, Australia.

The Bowdens Silver Project ("Project" or "BSP") is the largest known undeveloped silver deposit in Australia and lies within Exploration License 5920, which is 100% held by Silver Mines. The BSP is located near Mudgee in the Central Tablelands Region of New South Wales, Australia. The BSP comprises 2,115 km² (521,000 acres) of titles covering approximately 80 kilometres of strike of the highly prospective Carboniferous Rylstone Volcanics and underlying sediments, intrusions and volcanics of the Macquarie Arc. Multiple target styles and mineral occurrences have potential throughout the district including analogues to the Bowdens Silver Deposit (high-grade silver-lead-zinc epithermal), volcanogenic massive sulphide (VMS) systems and copper-gold targets. This area also hosts the Company's exploration prospects at Bara Creek, Coomber and Barabolar.

The Group holds 100% of Exploration Licence EL5920 which contains the Bowdens Silver Deposit. In addition, the Group holds exploration licences EL6354, EL8159, EL8160, EL8168, EL8268, EL8403, EL8405, EL8480, EL8682 and EL9580 (Refer to Figure 3).

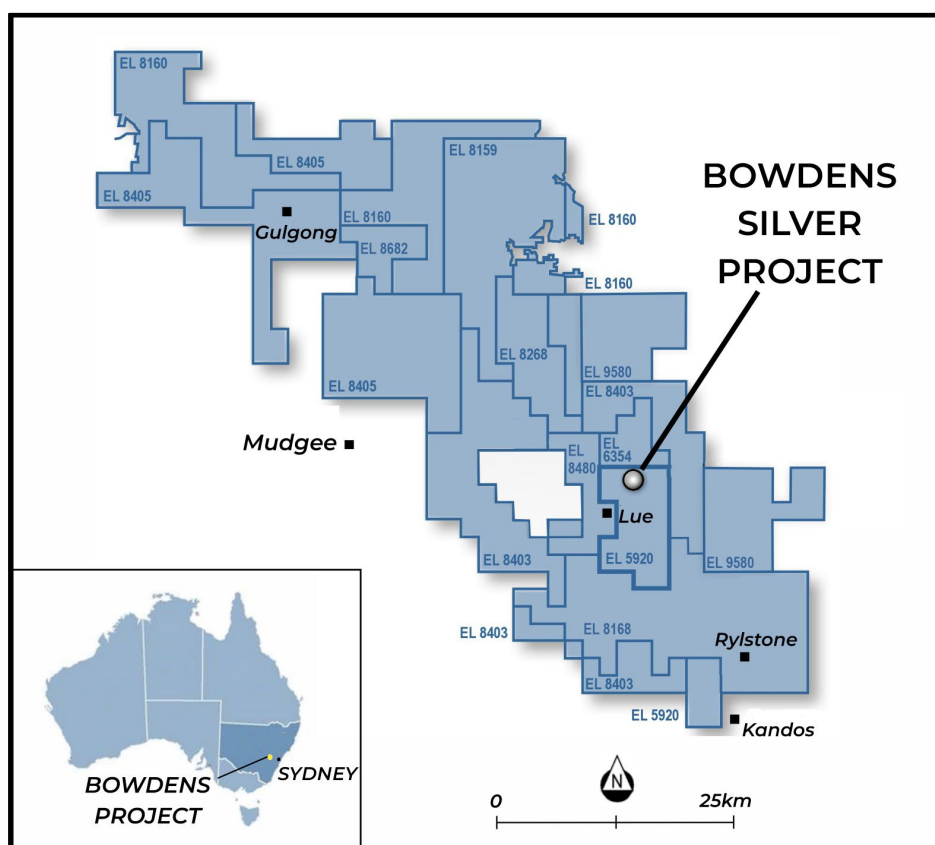


Figure 3: Silver Mines Limited tenement holdings in the Mudgee district.

DIRECTORS' REPORT

Description

The BSP is the largest known undeveloped silver deposit in Australia and one of the largest globally, with substantial resources and a considerable body of high-quality technical work completed. The BSP is located in an established mining district with outstanding logistics, local suppliers and operators to support future mine development. The Groups exploration licences (EL) cover the eastern margin of the Lachlan Orogen/Macquarie Arc. The BSP comprises the highly mineralised Rylstone Volcanics and the on-lapping later Permian, sedimentary units of the Shoalhaven Group within the Sydney Basin. The Rylstone Volcanics unconformably overlie the Ordovician Coomber Formation and Silurian Dungaree Volcanics. Several large, batholithic intrusions of Carboniferous age intrude the region and are exposed at surface.

Ore Reserve and Mineral Resource

Ore Reserve

The Bowdens Silver Ore Reserve is estimated at 32.8 million tonnes at 68.0g/t silver, 0.38% zinc and 0.29% lead for 71.7 million ounces of silver, 123.3 kilo-tonnes of zinc and 95.6 kilo-tonnes of lead in contained metal. The Ore Reserve Estimate is shown in Table 1.

Table 1 - December 2024 Ore Reserve*

	Reserve Grades				Contained Metal		
Classification	Tonnes (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Ag (Moz)	Zn (kt)	Pb (kt)
Proved	31.5	68.7	0.38	0.3	69.6	120.8	93.5
Probable	1.3	50.6	0.19	0.16	2.1	2.5	2
Total	32.8	68	0.38	0.29	71.7	123.3	95.6

*Notes:

1. Ore Reserves are a subset of Mineral Resources.
2. Ore Reserves conform with and use the JORC Code 2012 definitions.
3. Ore Reserves are calculated using Silver, Lead and Zinc pricing of US\$29/oz, US\$1.05/lb and US\$1.35/lb respectively.
4. Ore Reserves are calculated using a Net Smelter Return cut-off grade of 27g/t Ag under these assumptions.
5. Tonnages are reported including mining dilution.
6. All figures are rounded to reflect appropriate levels of confidence which may result in apparent errors of summation.
7. Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 January 2025) for full details regarding the updated Ore Reserve Estimate.

The Ore Reserves were estimated from the Mineral Resource Estimate after consideration of the confidence levels of the resource categories and considering the relevant modifying factors.

No Mineral Resources classed as Inferred have been included in the Ore Reserve.

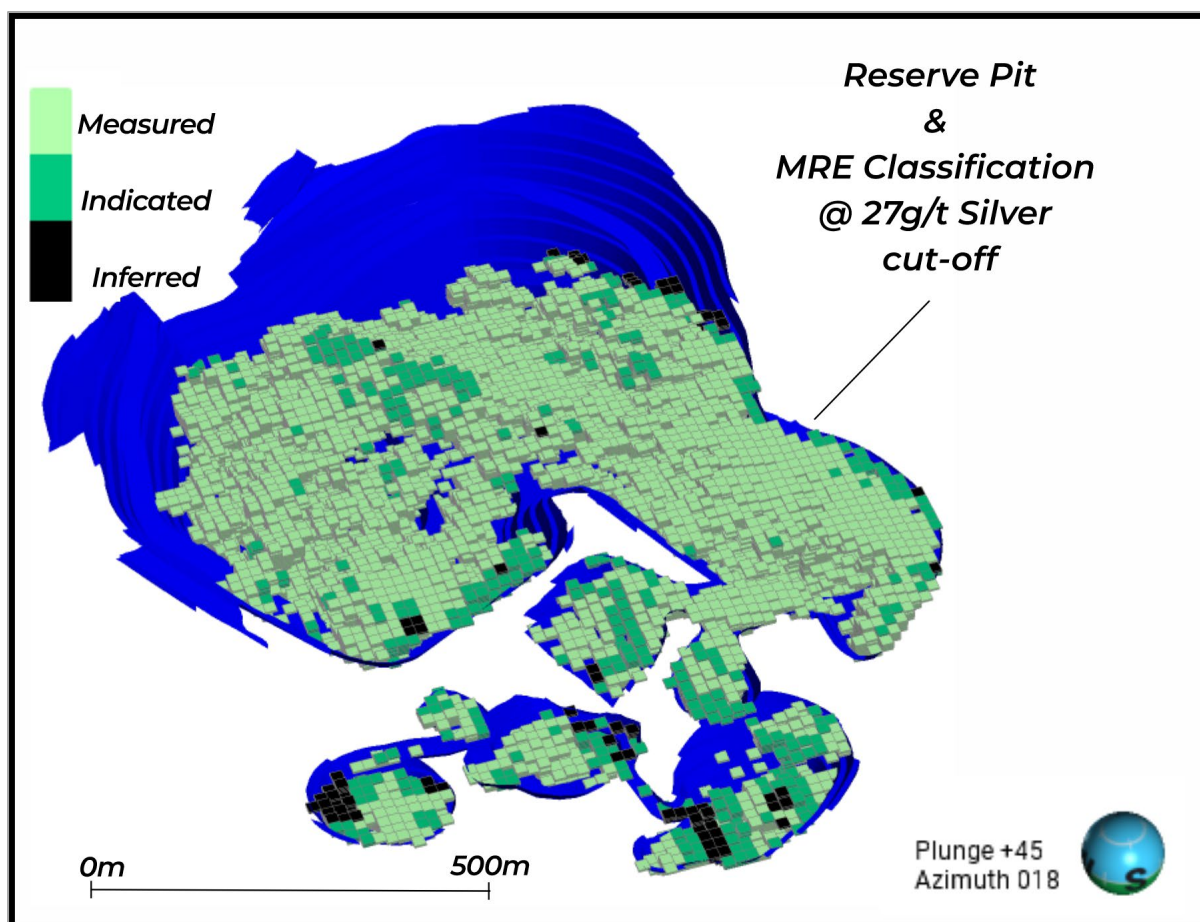
DIRECTORS' REPORT

Figure 4: Schematic of Ore Reserve within Pit Designs by Resource Classification.

Mineral Resources

The Mineral Resource Estimate ("MRE") for the Bowdens Silver Deposit is shown in Table 2.

Table 2 - December 2024 Mineral Resource Estimate (30 g/t AgEq cut-off)*

	Resource Grades						Contained Metal				
Resource Category	Mass (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Au (g/t)	AgEq (g/t)	Ag (Moz)	Zn (kt)	Pb (kt)	Au (k oz)	AgEq (Moz)
Measured	100	42	0.37	0.27	0.03	65	135	368	265	109	207
Indicated	43	21	0.41	0.28	0.11	52	30	176	121	152	71
M & I	143	36	0.38	0.27	0.06	61	164	544	386	260	278
Inferred	36	14	0.42	0.32	0.14	48	16	152	115	166	55
Total	179	31	0.39	0.28	0.07	58	180	696	501	426	334
Differences may occur in totals due to rounding											

DIRECTORS' REPORT

***Table Notes**

1. *Bowdens Silver Mineral Resource Estimate reported to a 30g/t AgEq cut off extends from surface and is trimmed to above 300 metres RL, approximately 320 metres below surface, representing a potential target volume for future open-pit mining and expansion.*
2. *Bowdens' silver equivalent assumes prices of US\$27.50/oz silver, US\$2,950/t zinc, US\$2,350/t lead and US\$2,200/oz gold with metallurgical recoveries of 86.2% silver, 92.2% zinc, 84.7% lead and 80% gold estimated from test work commissioned by Silver Mines Limited. Silver equivalent formulae $AgEq = Ag + Pb \times 0.002612 + Zn \times 0.003569 + Au \times 74.25$ with all metals stated in g/t. It should be noted metal prices used in the Ore Reserve differ due to different timing of the Ore Reserve reporting.*
3. *In the Company's opinion, the silver, zinc, lead and gold included in the metal equivalent calculations have a reasonable potential to be recovered and sold.*
4. *Stated Mineral Resources are partially inclusive of areas of the total Underground Mineral Resource Estimate at 150 g/t Silver Equivalent (AgEq) Cut-off Grade above 300mRL. See ASX announcement dated 5 September 2022.*
5. *Variability of summation may occur due to rounding.*
6. *Oxide and transitional material comprise 0.4% and 2.9% of the Resource tonnage, containing 1 Moz and 9 Moz AgEq respectively.*
7. *Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 January 2025) for full details regarding the updated Mineral Resource Estimate.*

Please refer to the Company's announcement dated 20 December 2024 and amendment announcement released on 10 January 2025 for full details regarding the Company's Bowdens Silver Project Ore Reserve Estimate and Mineral Resource Estimate.

Development and Mining Lease Application and Environmental Impact Statement

In May 2020, the Company completed and submitted the Bowdens Silver Development Application and associated Environmental Impact Statement ("EIS") to DPHI. In March 2021, the Company announced the submission of its Mining Lease Application ("MLA 601").

The proposed development comprises an open cut pit and processing facilities with a conventional milling circuit and bulk flotation. Producing a high precious metal concentrate to be sold for smelting off site.

During the EIS exhibition process, the Company received no objections to the BSP from any of the Government agencies and a high level of public support. At the end of December 2022, the DPHI advised the Company that its assessment of the BSP was in the public interest and approvable subject to conditions of consent. The DPHI also referred the BSP to the Independent Planning Commission of New South Wales ("IPC") for final determination. Consequently, on 3 April 2023, the IPC announced the approval of the BSP allowing the BSP to proceed to development and production; subject to conditions of consent.

As announced on 28 June 2023, the Bingman Catchment Landcare Group Incorporated ("Bingman") commenced proceedings in the Land and Environment Court of New South Wales ("Proceedings") challenging the development consent for BSP approved by the IPC on 3 April 2023 ("Development Consent"). The Proceedings challenged whether the IPC adequately considered matters relating to the construction and location of a powerline which may be required to power the mine site.

On 14 March 2024, the Company announced that Bowdens Silver had successfully defended the Proceedings with the Land and Environment Court of New South Wales dismissing the Proceedings. The court upheld the decision of the IPC with respect to the grant of the Development Consent.

Subsequently, Bingman filed an appeal in the NSW Supreme Court ("Court"), Court of Appeal ("Appeal"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and on 16 August 2024 the Appeal was upheld in a 2-1 majority decision by the Court of Appeal.

DIRECTORS' REPORT

Following the decision by the Court to set aside the Bowdens' Development Consent granted by the IPC, the NSW Minister for Planning and Public Spaces Paul Scully has legislated important amendments to the *Environmental Planning and Assessment Act 1979 (NSW)* ("EP&A Act").

The amended legislation empowers the Planning Secretary to declare which part of a project does or does not form part of a single proposed development for the purposes of determining what does and does not require consent under a State Significant Development approval.

This helps to reinstate the general approach taken to the planning assessment of State Significant Development projects, such as the BSP, prior to the Court's decision.

In April 2025, the Company announced that it has submitted a request to the New South Wales Department of Planning, Housing and Infrastructure, pursuant to section 4.38(4A) of the EP&A Act, for the Planning Secretary to determine whether or not the transmission line to power the BSP will form part of the single proposed development ("SSD").

Pleasingly in May 2025, the Company was informed that the Planning Secretary has determined under section 4.38(4A) of the EP&A Act that the 66kV power line that will provide power to the Bowdens Silver Mine ("Transmission Line") does not form part of the single proposed development that is the BSP (SSD 5765).

The outcome of this determination by the Planning Secretary essentially reinstates the general approach taken to the planning assessment of the BSP to the August 2024 NSW Court of Appeal decision to set aside the Bowdens' development consent granted by the IPC, which always assumed that approval for the Transmission Line would be sought under an alternative planning pathway.

During the Half Year Period, the Company announced that it has continued to pursue the redetermination of the BSP through the NSW DPHI planning approvals system. The pathway to redetermination of the BSP Development Application ("DA") has required both the DPHI and the BSP to progress down a path that has not previously been tread, prompting:

- further information requests from the NSW DPHI; and
- regular consultations with the DPHI.

The above have been conducted so as to achieve the most appropriate, lowest risk pathway to a successful, legally robust redetermination of the DA.

The original DA was prepared and submitted during a period of legislative transition to the *Biodiversity and Conservation Act 2016* (NSW) ("BC Act"). The BC Act introduced changes to survey methodologies and reporting requirements for ecological characteristics in biodiversity assessments for developments such as the BSP. However, under transitional provisions associated with the BC Act, the DPHI had previously determined that the Company could complete ecological surveys and biodiversity assessment reporting in accordance with the methodologies and requirements of the *Threatened Species Conservation Act 1995* (NSW).

In keeping with the Company's aim of achieving the most appropriate, lowest risk pathway to a successful, legally robust redetermination of the DA, and in consultation with the DPHI, the Company has chosen to refresh its ecological surveys and provide an updated biodiversity assessment in accordance with the requirements of the BC Act.

The refreshed surveys are anticipated to be completed in early 2026, with the updated biodiversity assessment submitted to the DPHI by the middle of 2026. It is expected that the DPHI will then provide an updated assessment report to the Independent Planning Commission of NSW for consideration and subsequent DA redetermination.

The Company will continue to provide regular updates on its progress in achieving reinstatement of the development consent of the BSP.

DIRECTORS' REPORT

Silver Mines continues extensive consultation with relevant Government departments, local communities, and other interested stakeholders. Consultation processes focus on the current mine development area and the wider area where the Company is commencing or undertaking exploration programs.

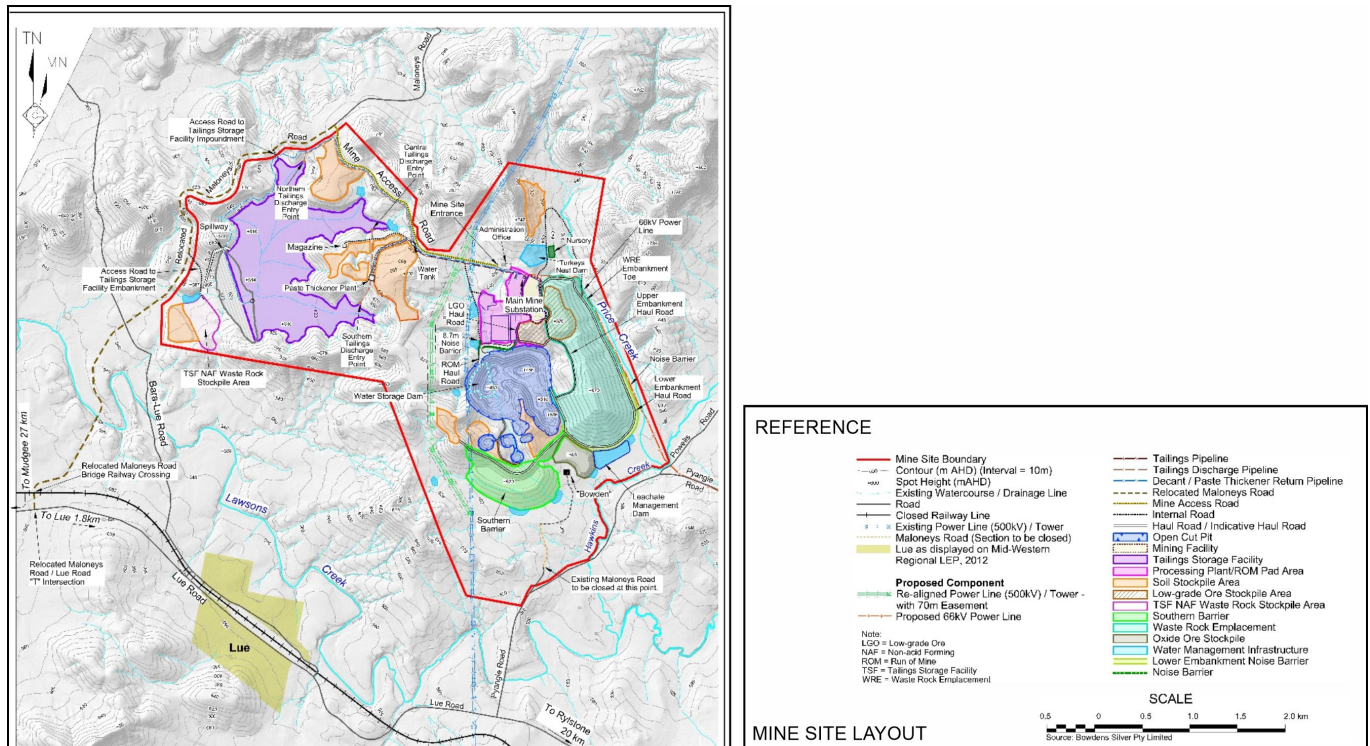


Figure 5: Bowdens Silver Mine Site Layout.

Bowdens Silver Exploration

During the Half Year Period, the Company announced that diamond drilling returned highest grade silver intercept ever encountered at Bowdens Silver deposit.¹

A thirteen-hole geometallurgical and geotechnical diamond drilling program (for 2,225.8 metres) was completed earlier in 2025. Drill collars along with significant intercepts are shown in Figure 6 and further details relating to the significant intercepts can be located in the ASX Announcement dated 19 November 2025.

¹See Silver Mines Limited (ASX:SVL) ASX Announcement: "Diamond Drilling Returns Best Ever Mineralised Intercept at Bowdens Silver Deposit" dated 19 November 2025.

DIRECTORS' REPORT

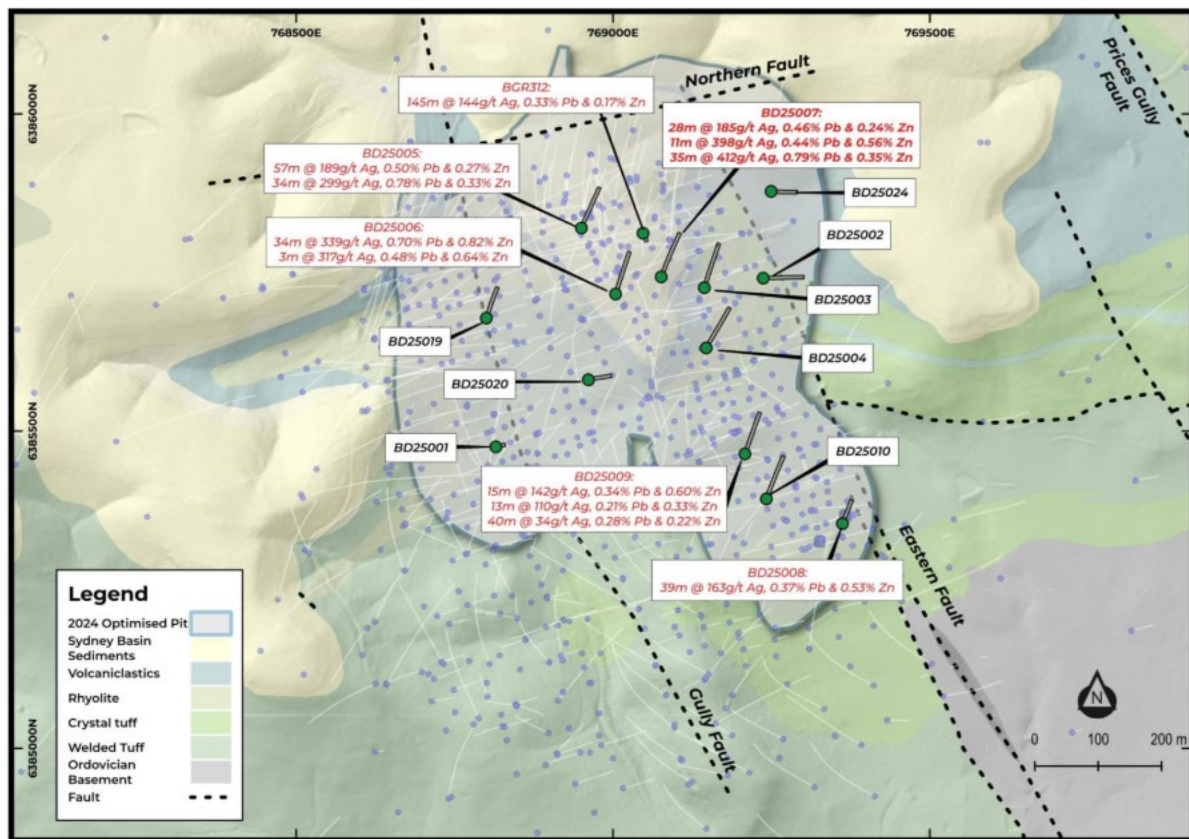


Figure 6: Drill hole locations and significant intercepts and Optimised Pit design.

Drilling in Main Zone intersected multiple high-grade silver mineralised structures over substantial widths in drill holes BD25005, BD25006 and BD25007.

BD25007 returned 116m @ 245g/t Ag, 0.48% Pb & 0.29% Zn from 75 metres (28,378 gram metres Ag), including 28m @ 185g/t Ag, 0.46% Pb & 0.24% Zn, and 35m @ 412g/t Ag, 0.79% Pb & 0.35% Zn.¹ This intercept is a staggering 8,000 gram metres of silver larger than the previous best intercept, which was hole BGR312 drilled in 2003 of 145m @ 144g/t Ag, 0.33% Pb & 0.17% Zn (20,848 gram metres).¹

This intercept is a zone of dominantly sulphide breccia and stringer/fracture fill veins of primarily silver sulphides (acanthite, polybasite and freibergite). Within the 116m intercept in BD25007 is a very well-developed zone of breccia and stringer veining of 4m @ 2,247g/t Ag, 2.37% Pb & 1.03% Zn.¹

Drilling in the southern Main Zone successfully intersected additional mineralisation beneath the current open pit design, confirming continuity of the Resource below the existing Ore Reserve and supporting potential pit depth extensions. Geotechnical drilling also intersected expected mineralisation adjacent to planned pit walls. Given that the program was not designed to target high-grade mineralisation, the results are highly encouraging and underpin plans for more detailed infill and extension drilling in 2026.

Research and Development Progress

The Company maintains its strong commitment to research and development (R&D), building on several years of collaborative research with leading institutions including the University of Queensland, the University of New South Wales, and Macquarie University. The Company's R&D program benefits from partnerships with industry consultants and data collection contractors who provide critical datasets and analysis. Notable recent collaboration includes work with the NSW Mineral Systems Team, utilizing HyLogger 4 scanning technology for the geo-metallurgical drilling campaign.

DIRECTORS' REPORT

During the Half Year Period, the Company advanced its R&D initiatives through continued engagement with research providers and internal technical staff, focusing on developing cutting-edge technologies and processes positioned to enhance future economic development and discovery potential.

Research and development work is focused on integrating geological, mechanical, spectral, chemical and metallurgical responses into a novel process to predict bulk rock properties, and their corresponding metallurgical responses. The Company has completed the submission of samples from the 2025 drill program for various tests to inform detailed design and further product development.

Positively, the results from the work to-date have informed metallurgical sampling programs and will improve mining and exploration effectiveness across the Company's projects. The Company is engaged with the University of New South Wales, and the NSW Resources Mineral Systems team² to use cutting edge technologies facilitating the development of systems to assist with both production and exploration.

Completion of Acquisition of Calico North Project and Commencement of Kramer Hills Earn-In

Calico North Project Acquisition

Overview of Calico North Project

The Calico North Project is located in the Mojave Desert of San Bernardino County in southern California, adjacent to the Nevada border ("Calico North Project"). This broader region is also home to Equinox Gold's Castle Mountain Mine, Andean Precious Metals' Golden Queen Mine, Rio Tinto's Borax Mine and MP Material's Mountain Pass Mine.

Terms of Calico North Acquisition

In June 2025, the Company entered into a binding share sale and purchase agreement ("SPA") with Domestic Energy Metals Corporation ("DEMC") to acquire a 100% interest in the Calico North Project.

During the Half Year Period, on 1 July 2025, the Company completed all conditions precedent, and the Calico North Acquisition was completed.

Pursuant to the SPA, DEMC agreed to sell to Silver Mines 100% of the issued capital of California Silver Limited ("CSL") which owns the Calico North Project.

The Company paid the following consideration to DEMC:

- (a) USD\$100,000 cash paid as an exclusivity fee;
- (b) USD\$500,000 paid on completion; and
- (c) issued 39,000,000 fully paid ordinary shares in Silver Mines ("SVL Shares") ("Consideration Shares").

The Consideration Shares were issued on 1 July 2025 using the Company's existing Listing Rule 7.1 capacity.

Kramer Hills Project Earn-In

Overview of Kramer Hills Project

The Kramer Hills Project is made up of mining claims covering approximately 48 km² as well as real property at the historic Shaherald oxide gold mine ("Kramer Hills Project").

The Kramer Hills Project is centred on the past producing Shaherald oxide gold mine. The historic mine is located on patented claims and Bureau of Land Management ground in San Bernardino County, California.

²NSW Department of Primary Industry and Regional Development.

DIRECTORS' REPORT

Terms of Kramer Hills Project Earn-In

In June 2025, the Company also entered into a binding farm-in agreement ("Farm-In Agreement") with Lustrum Gold Corp ("Lustrum Gold") to earn up to an 80% interest in the issued share capital of Lustrum Exploration Corp ("Lustrum Exploration"), which holds the Kramer Hills Project.

During the Half Year Period, the Company announced on 1 July 2025 that all conditions required to allow commencement of the Kramer Hills Earn-In had been satisfied ("Commencement Date"), and Silver Mines can commence earning an interest of up to 80% of the Kramer Hills Project pursuant to the Farm-In Agreement.

During the Half Year Period, the Company made the initial payment to Lustrum Gold (or its nominee) as follows:

- (a) USD\$100,000 cash paid as an exclusivity fee;
- (b) USD\$500,000 paid (inclusive of the exclusivity fee); and
- (c) issued 23,500,000 SVL Shares ("Initial Payment Shares"). The Initial Payment Shares are subject to 12 months of voluntary escrow.

The Initial Payment Shares were issued on 1 July 2025 using the Company's existing Listing Rule 7.1 capacity.

First Earn-In

The Company shall earn an initial 50% interest in Lustrum Exploration by:

- (a) solely funding USD\$3,500,000 of exploration expenditure and property maintenance payments across the Kramer Hills Project, within two years of the Commencement Date ("Exploration Expenditure Condition"); and
- (b) pay to Lustrum Exploration a cash payment of USD\$1,250,000, which must be used by Lustrum Exploration for payment to the Shaherald Property landholder pursuant to the Option ("August 2026 Landholder Payment"),

(Collectively, the "First Earn-In Condition"); and
- (c) Within 60 days of satisfaction of the First Earn-In Condition, Silver Mines shall issue to Lustrum Gold (or its nominee) SVL Shares with a deemed value of USD\$1,500,000 at an issue price per SVL Share equal to the 10-Day VWAP of SVL Shares over the trading days immediately prior to the date Silver Mines provides Lustrum Gold notice of its satisfaction of First Earn-in Condition ("First Earn-In Shares").

If Silver Mines satisfies the First Earn-In Condition and issues the First Earn-In Shares to Lustrum Gold (or its nominees), then with effect from the date on which it has satisfied both of these obligations, Silver Mines will have earned a 50% indirect ownership in the Kramer Hills Project.

Further Earn-In

The Company shall earn a further 30% interest (total 80% interest) in Lustrum Exploration if within 60 days from satisfaction of the First Earn-In Condition ("Further Earn-In Option Period"), the Company issues to Lustrum Gold (or its nominee) SVL Shares with a deemed value of USD\$2,000,000 ("Further Earn-In Shares") at an issue price per SVL Share equal to the 10-Day VWAP of SVL Shares over the trading days immediately prior to the date Silver Mines provides Lustrum Gold notice of its intention to earn the further 30% interest.

The issue of First Earn-In Shares and Further Earn-In Shares is at the Company's election should it decide to earn the initial 50% interest in the Kramer Hills Project and the further 30% interest. Should the Company make this election at the appropriate time, it will do so using its available 7.1 placement capacity or seek shareholder approval prior to making an election.

DIRECTORS' REPORT

Incorporated Joint Venture

The Company and Lustrum Gold will enter into an incorporated joint venture agreement in respect of Lustrum Exploration on earning the initial 50% interest (and if applicable a further 30% interest in the Kramer Hills Project) ("Joint Venture").

The Company will be the manager of the Joint Venture and in the event that the Company has earned an 80% interest in the Kramer Hills Project, Lustrum Gold's 20% interest will be free carried through to a completion of a feasibility study ("Free Carry Period").

Following the Free Carry Period, the parties must each fund all expenditure under the Joint Venture on a pro-rata basis in proportion to their respective participating interest in the Joint Venture from time to time. However, should Lustrum Gold elect not to fund expenditure after the Free Carry Period, it must convert its participating interest into a 2% net smelter royalty.

The Company will keep the market updated as it progresses with the Kramer Hills Earn-In.

For full details relating to the Calico North Acquisition and Kramer Hills Earn-In as well as detailed information regarding the Calico North Project and Kramer Hills Project, please refer to the Company's ASX announcement released on 12 June 2025 (and the amended announcement released 24 June 2025).

Calico North and Kramer Hills Projects Exploration Update

During the Half Year Period, initial exploration activity was undertaken, with field mapping completed. Satellite analysis was undertaken to identify prospective alteration zones and support field mapping data. A representative was appointed to facilitate and expedite the drilling permit approvals. Quotes were sourced from several geophysical contractors to undertake a ground magnetic survey over the Kramer Project. It is expected that drilling will commence in the first half of 2026.

About Calico North and Kramer Hills Projects

Silver Mines owns the Calico North Project and is also earning up to an 80% interest in the Kramer Hills Project, both located in the Mojave Desert of San Bernardino County in southern California, adjacent to the Nevada border. This broader region is also home to Equinox Gold's Castle Mountain Mine, Andean Precious Metals' Golden Queen Mine, Rio Tinto's Borax Mine, MP Material's Mountain Pass Mine and ASX listed Dateline Resources' Colosseum Gold-REE Project.

The Calico North Project consists of a number of mining claims covering approximately 20 km² over one of the largest silver camps in the United States. The claims are highly prospective for silver and barite with almost 40km of potential strike.

The Kramer Hills Project is made up of mining claims covering approximately 48 km² as well as mining claims and real property at the historic, past-producing Shaherald oxide gold mine. The Kramer Hills Project is highly prospective for gold and silver along a 7km shear zone.

Tuena Project

The Tuena Project is located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 7) and consists of 929 km² of EL's covering the Copperhannia – Godolphin fault south from the McPhillamys Gold Deposit and the Kempfield Deposit (Ag-Au-Pb-Zn).

The town of Tuena was the scene of an historic gold rush in the 1800's, with gold extracted from several narrow high-grade gold reefs over a regional trend greater than 5 kilometres of strike length. The Company previously completed reconnaissance work, which defined > 15 individual targets with anomalous gold that is associated with historic workings (Refer to release dated 23 October 2019).

DIRECTORS' REPORT

The Company subsequently completed a 20-hole 4,000 metre drill program (2020) to test beneath several of the historic workings and soil anomalies.

In 2023 EL9588 was added to the Tuena Project, which covers the historic Elsenora Project. Alkane Resources Ltd were the most recent owner of the Elsenora Project and it is considered to be highly prospective for both orogenic gold and sulphide-rich disseminated gold-silver-barium mineralisation (epigenetic VMS style), which is analogous to the McPhillamys Gold Deposit. Review of historic data by the Company shows that the Elsenora Project has significant underexplored potential for gold and silver mineralisation worthy of drill testing.

During the Half Year Period, Silver Mines advanced exploration at the Tuena Project, focusing on EL9588 where three priority targets were drilled. A seven-hole diamond drilling program (1,705m) at the Pickers, Barite and Elsenora prospects returned multiple significant gold, silver and base metal intercepts, confirming the presence of a broad mineralised system. Drilling extended known mineralisation at Elsenora, intersected gold-bearing structures at Barite, and demonstrated continuity of mineralisation at Pickers, while historic results at Cuddyong and Nobbs Reef highlight additional high-grade potential, which is yet to be tested by Silver Mines. The results confirm strong prospectivity along the regionally significant Godolphin–Copperhania Fault Corridor, with substantial underexplored strike length and structural complexity providing scope for further discovery through follow-up exploration across EL9588 and the wider Tuena Project.

For further information, please refer to Company's Announcement dated 22 December 2025.

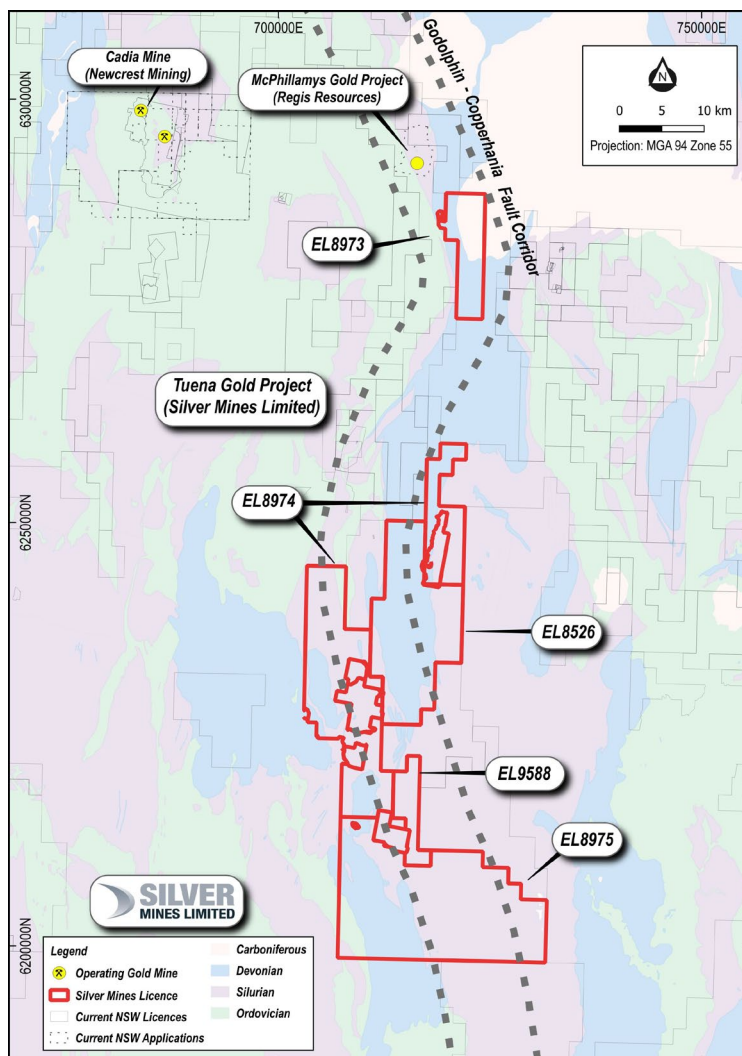


Figure 7: Map showing the Tuena Project.

DIRECTORS' REPORT

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resources and Ore Reserves within the Bowdens Silver Project is extracted from the ASX release titled "*Bowdens Silver Project Ore Reserves Increased to 71.7Moz Silver*" which was released on ASX on 20 December 2024 and as per the amended announcement released on 10 January 2025.

The information in this report that relates to Production Targets has been extracted from the Company's ASX Announcement "*Bowdens Optimisation Study Outlines Robust, High Margin Silver Project*" dated 20 December 2024. The Ore Reserves underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code.

The information in this announcement that relates to Exploration Results has been extracted from various Silver Mines ASX announcements and are available to view on the Company's website at www.silvermines.com.au or through the ASX website at www.asx.com.au (using ticker code "SVL").

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources, Ore Reserves and Production Targets in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

DIRECTORS' REPORT

CORPORATE

Placement and Share Purchase Plan

On 05 August 2025, the Company announced that it had successfully completed a capital raising of \$30 million (before costs) ("Placement") to institutional and sophisticated investors. The Placement was well supported with demand in excess of funds raised by the Company.

In addition to the Placement, Silver Mines successfully completed a Share Purchase Plan ("SPP") during the Half Year Period and offering eligible shareholders the opportunity to participate in the capital raising.

After costs of the Placement and the SPP, the funds raised will be used predominantly for:

- progression of the BSP development consent approvals and engineering studies;
- ongoing community and freehold purchases including property purchases and land access agreements;
- continued exploration aimed at Mineral Resource growth across the Calico North Project and Kramer Hills Project located in the United States, as well as the Company's New South Wales projects including the Bara Creek Prospect and Tuena Project;
- business development opportunities; and
- general working capital.

Placement

The Company received firm commitments for a \$30 million placement at \$0.12 per share. The offer price of \$0.12 per share represented a 16.3% discount to the 5-trading day volume weighted average trading price to 31 July 2025 and a 7.7% discount to the last trading price of \$0.13.

The Placement was well supported by both existing shareholders and new investors.

The Placement resulted in the issue of 250,000,000 fully paid ordinary shares ("New Shares") on 11 August 2025.

Petra Capital acted as Sole Lead Manager and Sole Book-runner to the Placement.

Share Purchase Plan

Silver Mines also offered eligible shareholders the opportunity to participate in a non-underwritten SPP to raise up to an additional \$3 million (before costs).

Shares under the SPP ("SPP Shares") were issued at the same price as shares in the Placement ("SPP Issue Price").

The Company received applications and funds from eligible shareholders totalling \$4.07 million which was well in excess of the original \$3 million target raising.

The terms and conditions in the SPP Offer Booklet provided the Company with discretion to accept additional funds under the SPP should the Company receive valid applications over the original target amount. Accordingly, due to the strong demand from eligible shareholders, the Company exercised this discretion and decided to increase the size of the SPP to \$4.07 million.

The SPP therefore raised a total of \$4.07 million (before costs).

A total of 33,918,984 SPP Shares were issued on 3 September 2025.

DIRECTORS' REPORT

New Shares issued under the Placement and SPP Shares issued under the SPP rank pari passu with existing Silver Mines ordinary shares from the respective dates of issue.

Exercise of Options

During the Half Year Period, the Company issued a total of 16,070,429 fully paid ordinary shares on the exercise of 16,070,429 options at an exercise price of \$0.1196 receiving \$1,922,023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING OR AFTER THE END OF THE REPORTING PERIOD

Other than those discussed within the director's report above, the Group did not have any significant changes in the state of its affairs during the Half Year Period and after the end of the Half Year Period.

EVENTS SUBSEQUENT TO REPORTING DATE

Exercise of Options

Subsequent to the Half Year Period, the Company issued 7,810,727 fully paid ordinary shares on the exercise of 7,810,727 options at an exercise price of \$0.1196 receiving \$934,162.

Subsequent to the Half Year Period, the Company also issued 260,078 fully paid ordinary shares on the exercise of 260,078 options at an exercise price of \$0.145. These options were options issued to employees and contractors of the Company under the Company's Incentive Plan. These employees and consultants utilised the cashless exercise mechanism under the Incentive Plan, whereby the shares issued was based on the difference between the exercise price of \$0.145 and the 5 day VWAP at notice of exercise.

Expiry of Options

Subsequent to the Half Year Period, the Company announced that a total of 2,500,000 unlisted options expiring on 01 March 2026 with exercise price of \$0.30 expired unexercised.

No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is enclosed and forms part of this half-year report.

This report is made in accordance with a resolution of the Directors.



Keith Perrett
Chairman



Jonathan Battershill
Managing Director

13 March 2026

Auditor's Independence Declaration to the Directors of Silver Mines Limited

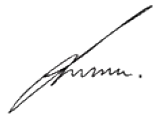
As lead auditor for the review of the half-year financial report of Silver Mines Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Silver Mines Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young



James Johnson
Partner
13 March 2026

Independent auditor's review report to the members of Silver Mines Limited

Conclusion

We have reviewed the accompanying half-year financial report of Silver Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the half-year financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all



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significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'James Johnson', written over a horizontal line.

James Johnson
Partner
Sydney
13 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME **FOR THE HALF-YEAR ENDED 31 DECEMBER 2025**

	Notes	31 December 2025	31 December 2024
		\$	\$
Revenue		216,879	65,057
Cost of sales		(151,792)	(21,227)
Gross profit from continuing operations		65,087	43,830
Other income		62,566	16,688
Share registry and exchange fees		(152,338)	(146,258)
Auditors remuneration		(44,384)	(44,120)
Marketing expenses		(160,281)	(122,796)
Office expenses		(36,118)	(36,105)
IT and communication expenses		(4,357)	(8,423)
Depreciation expenses		(140,484)	(110,861)
Accounting services fees		(33,500)	(30,000)
Professional and technical advisors expenses		(880,639)	(558,585)
Employee benefits expenses		(655,852)	(472,266)
Travel and accommodation expenses		(66,414)	(201,057)
Share based payment		(211,277)	(367,829)
Farm operations		(39,011)	(44,888)
FV gain/ loss on initial recognition of livestock		281,555	64,919
Other expenses		(149,484)	(131,344)
Loss from continuing operations before interest and income tax		(2,164,931)	(2,149,094)
Interest income		415,907	124,173
Finance costs		(1,020)	(1,752)
Loss from continuing operations before income tax		(1,750,044)	(2,026,673)
Income tax		-	-
Loss from continuing operations after income tax		(1,750,044)	(2,026,673)
Other comprehensive income		-	-
Total comprehensive loss (attributable to owners of the company)		(1,750,044)	(2,026,673)
Loss per share (cents per share)			
Basic loss per share	12	(0.08)	(0.13)
Diluted loss per shares	12	(0.08)	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2025**

	Notes	31 December 2025	30 June 2025
		\$	\$
Current assets			
Cash and cash equivalent	3	40,504,316	19,299,496
Trade and other receivables	4	665,602	401,206
Inventory - livestock		718,238	562,260
Total current assets		41,888,156	20,262,961
Non-current assets			
Other assets	4	5,319,652	1,460,494
Financial assets	5	394,867	394,867
Deferred exploration and development	6	115,135,268	101,661,960
Intangible assets	7	2,768,014	2,127,792
Land and buildings	8	32,931,668	32,817,052
Property, plant and equipment	9	1,056,993	922,363
Total non-current assets		157,606,462	139,384,528
Total assets		199,494,618	159,647,489
Current liabilities			
Payables	10	2,022,386	2,230,084
Employee provisions	11	368,032	267,862
Total current liabilities		2,390,418	2,497,946
Total liabilities		2,390,418	2,497,946
Net assets		197,104,200	157,149,543
Equity			
Contributed equity	12	244,003,093	202,509,669
Reserve	12	3,401,929	3,190,652
Accumulated losses		(50,300,822)	(48,550,778)
Total equity		197,104,200	157,149,543

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025**

	Notes	Ordinary Shares	Share capital reserve	Share based payment reserve	Accumulated losses	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2024		179,118,526	2,000,000	1,274,209	(44,782,384)	137,610,351
Loss for the period		-	-	-	(2,026,673)	(2,026,673)
Total comprehensive income		-	-	-	(2,026,673)	(2,026,673)
Share-based payments		-	-	367,829	-	367,829
Equity funds received, issue of shares		25,000,000	-	-	-	25,000,000
Costs of funds raised		(1,583,536)	-	-	-	(1,583,536)
Balance at 31 December 2024		202,534,990	2,000,000	1,642,038	(46,809,057)	159,367,972
Balance at 1 July 2025		202,509,669	2,000,000	1,190,652	(48,550,778)	157,149,543
Loss for the period		-	-	-	(1,750,044)	(1,750,044)
Total comprehensive income		-	-	-	(1,750,044)	(1,750,044)
Share-based payments		-	-	211,277	-	211,277
Exercise of options		1,922,023	-	-	-	1,922,023
Acquisition of Kramer Hills Project, issue of shares		2,702,500	-	-	-	2,702,500
Acquisition of Calico North Project, issue of shares		4,754,100	-	-	-	4,754,100
Equity funds received, issue of shares		34,070,278	-	-	-	34,070,278
Costs of funds raised		(1,955,478)	-	-	-	(1,955,478)
Balance at 31 December 2025		244,003,093	2,000,000	1,401,929	(50,300,822)	197,104,200

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024
		\$	\$
Cash flows from operating activities			
Receipts from customers		231,445	81,679
Payments to suppliers & employees		(2,114,200)	(1,760,741)
Payments to farm operational expenses		(107,702)	(36,436)
Interest received		415,907	124,173
Net cash outflows from operating activities		(1,574,550)	(1,591,325)
Cash flows from investing activities			
Payments for deferred exploration		(7,753,695)	(4,849,425)
Payment to acquire intangible assets		(640,650)	(90,000)
Payment for property, plant and equipment		(641,730)	(550,550)
Payments to acquire the Calico North Project	6	(858,786)	-
Payments for the option to earn-in the Kramer Hills Project	4	(1,600,899)	-
Net cash outflows from investing activities		(11,495,759)	(5,489,975)
Cash flows from financing activities			
Proceeds from issues of shares		34,070,250	25,000,000
Option conversion		2,160,357	-
Payments for capital raising costs		(1,955,478)	(1,583,537)
Net cash inflows from financing activities		34,275,129	23,416,463
Net (decrease)/increase in cash and cash equivalent		21,204,820	16,335,163
Cash and cash equivalent at the beginning of the financial year		19,299,496	10,805,188
Cash and cash equivalent at the end of the financial year	3	40,504,316	27,140,351

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards AASB 134: Interim Financial Reporting and the requirements of Corporations Act 2001 as issued by the International Accounting Standards Board as applicable to a for-profit entity. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Silver Mines Limited and its controlled entities. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the group for the year ended 30 June 2025, together with any public announcements made during the Half Year Period.

The material accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars which is the Group's functional currency.

b. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial statements for the half year ended 31 December 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

c. Critical accounting estimates and significant judgments used in applying accounting policies

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2025 annual report.

During the period, the Group completed the acquisition of the Calico North Project and payment of option to earn in 80% of Lustrum Corporation that holds the Kramer Hills Project. Refer to Notes 4 and 6 for further details of the significant judgements and estimates made in relation to these transactions..

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 2: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into three operating segments, being mining and exploration operations in Australia and the United State of America and agricultural operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

Operating segments have been aggregated where the segments have similar economic characteristics in respect of the nature of the products and services, the product processes, the type or class of customers, the distribution methods and, if applicable, the nature of the regulatory environment.

a) Segment performance continuing operations

For the six months ended 31 December 2025	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Revenue	-	-	216,879	216,879
Rental income	-	-	14,430	14,430
Total segment revenue	-	-	231,309	231,309
Inter-segment elimination				-
Total group revenue				231,309
EBITDA	(2,107,725)	(149,874)	233,151	(2,024,447)
<i>Unallocated expense</i>				
Depreciation				(140,484)
Interest income				415,907
Finance costs				(1,020)
Profit (Loss) before income tax				(1,750,044)
Income tax expense				-
Profit (Loss) after income tax expense				(1,750,044)

For the six months ended 31 December 2024	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Revenue	-	-	65,057	65,057
Rental income	-	-	16,688	16,688
Total segment revenue	-	-	81,745	81,745
Inter-segment elimination				-
Total group revenue				81,745
EBITDA	(2,111,397)	-	73,164	(2,038,233)
<i>Unallocated expense</i>				
Depreciation				(110,861)
Interest income				124,173
Finance costs				(1,752)
Profit (Loss) before income tax				(2,026,673)
Income tax expense				-
Profit (Loss) after income tax expense				(2,026,673)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 2: OPERATING SEGMENTS (CONTINUED)

b) Segment assets

For the six months ended 31 December 2025	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Segment assets	115,495,575	7,572,519	869,702	123,937,796
Inter-segment eliminations	(6,966,486)	-	(60,811)	(7,027,297)
	108,529,089	7,572,519	808,891	116,910,499

Unallocated assets

Cash and cash equivalent				40,504,316
Receivables				665,602
Financial assets				394,867
Intangible assets				2,768,014
Land and buildings				32,931,668
Total assets				199,494,618

For the six months ended 31 December 2024	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Segment assets	106,191,256	-	1,417,610	107,608,866
Inter-segment eliminations	(7,807,710)	-	(895,659)	(8,703,370)
	98,383,546	-	521,951	98,905,497

Unallocated assets

Cash and cash equivalent				27,140,351
Receivables				409,143
Financial assets				391,867
Intangible assets				1,936,992
Investment in Listed Shares				263,500
Investment in Unlisted Options				1,032
Land and buildings				31,701,714
Total assets				160,750,096

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 2: OPERATING SEGMENTS (CONTINUED)

(c) Segment liabilities

For the six months ended 31 December 2025	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Segment liabilities	2,082,747	-	6,966,936	9,049,683
Inter-segment eliminations				(7,027,296)
				2,022,386
<i>Unallocated liabilities</i>				
Employee provisions				368,032
Total liabilities				2,390,418

For the six months ended 31 December 2024	Mining and Exploration Operations (AU) \$	Mining and Exploration Operations (US) \$	Agriculture Operations \$	Total \$
Segment liabilities	1,963,996	-	7,840,717	9,804,713
Inter-segment eliminations	(895,659)	-	(7,807,711)	(8,703,370)
	1,068,337	-	33,006	1,101,343
<i>Unallocated liabilities</i>				
Employee provisions				280,782
Total liabilities				1,382,125

NOTE 3: CASH AND CASH EQUIVALENTS

	31 December 2025 \$	30 June 2025 \$
Current		
Cash at bank and on hand	40,504,316	19,299,496
	40,504,316	9,299,496

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 4: TRADE AND OTHER RECEIVABLES

	31 December 2025	30 June 2025
	\$	\$
Current		
Trade receivables	3,891	-
GST	228,439	231,727
Prepayment	345,704	87,478
Other receivables	87,568	82,000
	665,602	401,205
Non-Current		
Other Assets - Prepayments	-	1,460,494
Other Assets - Kramer Hills Project	5,319,652	-
	5,319,652	1,460,494

Other Assets - Prepayments comprised prepaid directly attributable costs relating to the Kramer Hills Project option arrangement and acquisition-related costs associated with the Calico North Project. During the half-year ended 31 December 2025, amounts relating to the Calico North Project were reclassified to Exploration and Evaluation Assets following completion of the acquisition (refer Note 6). Amounts relating to the Kramer Hills Project option arrangement continue to be recognised within Other Assets along with the initial acquisition and establishment costs incurred during the current period, discussed in further detail below.

On June 12, 2025 the Company entered into an earn-in arrangement to acquire up to an 80% interest in Lustrum Exploration LLC, the entity holding the Kramer Hills Project, located in San Bernardino County, California, United States, subject to meeting agreed exploration expenditure and other earn-in conditions. No ownership interest is obtained unless the earn-in conditions are satisfied.

The total initial acquisition and establishment cost of AUD 3,625,398 comprised:

- USD \$100,000 (AUD 159,192) cash paid as an exclusivity fee
- USD \$400,000 (AUD 612,552) cash payment
- 23,500,000 fully paid ordinary shares issued at AUD \$0.115 per share in the Company ("Initial Payment Shares").

On 1 July 2025, the Group completed all conditions precedent outstanding as at 30 June 2025 under an option agreement. Under the terms of the agreement, the Group may earn an initial 50%, by satisfying the First Earn-In Conditions (refer to Note 14), which require the Group to:

- solely fund USD\$3,500,000 of exploration expenditure and property maintenance payments across the Kramer Hills Project within two years of the commencement date;
- make a cash payment of USD\$1,250,000 to Lustrum Exploration to fund a Payment to the Landholder pursuant to the underlying option agreement; and
- within 60 days of satisfying the above conditions, issue Silver Mines Limited shares to Lustrum Gold (or its nominee) with a deemed value of USD\$1,500,000, at an issue price equal to the 10-day VWAP of Silver Mines shares immediately prior to the notice confirming satisfaction of the First Earn-In Conditions.

Following satisfaction of the First Earn-In Conditions, the Group may elect to earn a further 30% interest (for a total 80% interest) in Lustrum Exploration by issuing additional Silver Mines Limited shares with a deemed value of USD\$2,000,000 to Lustrum Gold (or its nominee) within 60 days of satisfying the First Earn-In Conditions, at an issue price equal to the 10-day VWAP of Silver Mines shares immediately prior to the notice of election.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 4: TRADE AND OTHER RECEIVABLES

The rights and options to earn-in, through acquiring interests, are accounted for as derivative financial instruments. On initial recognition, and as at 31 December 2025, the fair value of these options is determined to be negligible. These derivatives are required to be recognised at fair value on initial recognition and subsequently measured at fair value through profit and loss. The fair value of the options equals the sum of its intrinsic value and time value.

The intrinsic value of the options is determined by a number of factors including the exercise value as determined by the earn-in amounts and the underlying fair value of the shares. The time value represents the likelihood of the intrinsic value increasing and is sensitive to the volatility of the underlying instrument, risk free interest rates, and time to expiry of the options. Determining the fair value of the derivative financial instrument is subject to significant judgement and estimation. Reasonably possible alternative assumptions related to underlying value of share price and expected volatility could change the fair value at 31 December 2025.

NOTE 5: FINANCIAL ASSETS

	31 December 2025	30 June 2025
	\$	\$
Non-current		
Performance guarantee bonds	394,867	394,867
	<u>394,867</u>	<u>391,867</u>

NOTE 6: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE

	31 December 2025	30 June 2025
	\$	\$
Non-current		
Exploration expenditures		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	101,661,960	92,624,423
Additions - Acquisition of Calico North Project	5,884,458	-
Expenditure in the period	7,588,850	9,037,537
Closing balance	<u>115,135,268</u>	<u>101,661,960</u>

There have been no changes to the accounting policies presented in the Group's 2025 Annual Report relating to exploration and evaluation expenditure.

On 1 July 2025, Silver Mines Limited completed the acquisition of a 100% interest in the Calico North Project, located in San Bernardino County, California, United States,

Total consideration transferred of the Calico North Project of AUD 5,439,801, inclusive of the following consideration paid to the seller has been capitalised as an exploration and evaluation asset.

- USD\$100,000 (equivalent to AUD 159,192) cash paid as an exclusivity fee
- USD\$500,000 (equivalent to AUD 762,318) cash paid on completion; and
- 39,000,000 fully paid ordinary shares issued at AUD 0.115 per share in the Company ("Consideration Shares")

The transaction was assessed under AASB 3 Business Combinations and determined to be an asset acquisition, as the assets acquired comprised mineral claims and related exploration rights without the acquisition of a workforce, processes or other inputs capable of producing outputs. Accordingly, all directly attributable costs were capitalised and the purchase consideration was allocated to the identifiable assets acquired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 6: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE (CONTINUED)

The consideration was allocated to exploration and evaluation assets, including tenement acquisition costs and related geological information. No liabilities were assumed as part of the acquisition.

The acquired assets remain at an exploration and evaluation stage and did not generate any revenue during the period. Based on management's assessment, no indicators of impairment were identified in respect of the acquired exploration and evaluation assets as at 31 December 2025.

As detailed in the Directors report, following the decision by the Court to set aside the Bowdens' Development Consent granted by the IPC, the NSW Minister for Planning and Public Spaces Paul Scully has legislated important amendments to the *Environmental Planning and Assessment Act 1979 (NSW)* ("EP&A Act").

The amended legislation empowers the Planning Secretary to declare which part of a project does or does not form part of a single proposed development for the purposes of determining what does and does not require consent under a State Significant Development approval.

In May 2025, the Company was informed that the Planning Secretary has determined under section 4.38(4A) of the EP&A Act that the 66kV power line that will provide power to the Bowdens Silver Mine ("Transmission Line") does not form part of the single proposed development that is the Bowdens Project (SSD 5765).

The outcome of this determination by the Planning Secretary essentially reinstates the general approach taken to the planning assessment of the Bowdens Project prior to the August 2024 NSW Court of Appeal decision to set aside the Bowdens' development consent granted by the IPC, which always assumed that approval for the Transmission Line would be sought under an alternative planning pathway.

During the Half Year Period, the Company announced that it has continued to pursue the redetermination of the Bowdens Project through the NSW DPHI planning approvals system. The pathway to redetermination of the Bowdens Project Development Application ("DA") has required both the DPHI and the Bowdens Project to progress down a path that has not previously been tread, prompting:

- further information requests from the NSW DPHI; and
- regular consultations with the DPHI.

The above have been conducted so to achieve the most appropriate, lowest risk pathway to a successful, legally robust redetermination of the DA.

The original DA was prepared and submitted during a period of legislative transition to the *Biodiversity and Conservation Act 2016 (NSW)* ("BC Act"). The BC Act introduced changes to survey methodologies and reporting requirements for ecological characteristics in biodiversity assessments for developments such as the Bowdens Project. However, under transitional provisions associated with the BC Act, the DPHI had previously determined that the Company could complete ecological surveys and biodiversity assessment reporting in accordance with the methodologies and requirements of the *Threatened Species Conservation Act 1995 (NSW)*.

In keeping with the Company's aim of achieving the most appropriate, lowest risk pathway to a successful, legally robust redetermination of the DA, and in consultation with the DPHI, the Company has chosen to refresh its ecological surveys and provide an updated biodiversity assessment in accordance with the requirements of the BC Act.

The refreshed surveys are anticipated to be completed in early 2026, with the updated biodiversity assessment submitted to the DPHI by the middle of 2026. It is expected that the DPHI will then provide an updated assessment report to the Independent Planning Commission of NSW for consideration and subsequent DA redetermination.

Based on the above developments and management's assessment of the regulatory pathway and project progress, no indicators of impairment were identified for the Bowdens Project exploration and evaluation assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 7: INTANGIBLE ASSETS

	31 December 2025	30 June 2025
	\$	\$
Non-current		
Opening balance	2,127,792	1,846,992
Additions	640,222	280,800
Closing balance	2,768,014	2,127,792

The Group has entered into a number of option agreements to purchase properties attaching to the tenements. As consideration for these agreements, the Group has paid total option fees of \$640,650 (June 2025: \$280,800) during the half year.

NOTE 9: LAND AND BUILDINGS

	31 December 2025	30 June 2025
	\$	\$
Non-current		
Properties at cost	33,986,477	33,815,161
Accumulated Depreciation	(1,054,808)	(998,109)
	32,931,668	32,817,052

	Land	Buildings	Buildings improvements	Total
	\$	\$	\$	\$
Cost or valuation				
Balance at 1 July 2024	28,824,395	2,441,083	790,434	32,055,912
Additions	1,512,043	-	247,206	1,759,249
Balance at 30 June 2025	30,336,438	2,441,083	1,037,640	33,815,161
Additions	9,924	-	161,391	171,315
Balance at 31 December 2025	30,346,362	2,441,083	1,199,031	33,986,477
Depreciation and impairment				
Balance at 1 July 2024	-	210,018	704,039	914,057
Depreciation charge for the year	-	61,027	23,025	84,052
Balance at 30 June 2025	-	271,045	727,064	998,109
Depreciation charge for the half year	-	30,764	25,935	56,699
Balance at 31 December 2025	-	301,809	752,999	1,054,808
Net book value				
At 1 July 2024	28,824,395	2,231,065	86,395	31,141,855
At 30 June 2025	30,336,438	2,170,038	310,576	32,817,052
At 31 December 2025	30,346,362	2,139,274	446,032	32,931,668

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	31 December 2025	30 June 2025
	\$	\$
Plant and equipment - at cost	2,341,175	2,178,294
Less: accumulated depreciation	(1,284,182)	(1,255,931)
	1,056,993	922,363

Reconciliations

Reconciliations of costs at the beginning and end of the current and previous financial year are set out below:

	Plant & Mining Equipment	Office & Camp Equipment	Road	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equipment	Total
	\$	\$		\$	\$	\$	\$	\$
Cost or valuation								
Balance at 1 July 2024	443,021	307,722	100,938	900,370	130,865	75,000	84,723	2,042,639
Additions	16,019	10,060	2,220	87,253	18,968	-	1,135	135,655
Balance at 30 June 2025	459,040	317,782	103,158	987,623	149,833	75,000	85,858	2,178,294
Additions	19,784	24,352	-	148,937	25,342	-	-	218,414
Disposals	-	-	-	(55,533)	-	-	-	(55,533)
Balance at 31 December 2025	478,824	342,134	103,158	1,081,027	175,175	75,000	85,858	2,341,175
Depreciation and impairment								
Balance at 1 July 2024	362,914	280,882	-	318,651	54,695	12,500	81,605	1,111,247
Depreciation charge for the year	17,688	11,384	-	100,835	10,608	3,000	1,169	144,684
Balance at 30 June 2025	380,602	292,266	-	419,486	65,303	15,500	82,774	1,255,931
Depreciation charge for the half year	9,202	8,914	-	53,250	10,527	1,500	390	83,785
Reversal of depreciation	-	-	-	(55,533)	-	-	-	(55,533)
Balance at 31 December 2025	389,804	301,181	-	417,202	75,831	17,000	83,164	1,284,182
Net book value								
At 1 July 2024	80,107	26,840	100,938	581,719	76,170	62,500	3,118	931,392
At 30 June 2025	78,437	25,515	103,158	568,138	84,530	59,500	3,085	922,364
At 31 December 2025	89,020	40,953	103,158	663,823	99,344	58,000	2,695	1,056,993

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 10: TRADE AND OTHER PAYABLES

	31 December 2025	30 June 2025
	\$	\$
Current		
Trade creditors and accruals	2,022,386	2,230,084
	2,022,386	2,230,084

NOTE 11: EMPLOYEE BENEFITS PROVISIONS

	31 December 2025	30 June 2025
	\$	\$
Current		
Employee benefits provisions	368,032	267,862
	368,032	267,862

Short-term employee benefits

Liabilities for wages and salaries, including annual leave to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 12: CAPITAL AND RESERVES

(a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2024		1,508,036,257		179,118,526
Dec-24	Capital raising	271,739,135	0.0920	25,000,000
Dec-24	Capital raising fee			-1,583,537
Jan-25	Capital raising fee			-25,320
30 June 2025		1,779,775,392		202,509,669
Jul-25	Acquisition of Kramer Hills Project	23,500,000	0.1150	2,702,500
Jul-25	Acquisition of Calico North Project	39,000,000	0.1150	4,485,000
Jul-25	Advisor success fee	2,340,000	0.1150	269,100
Aug-25	Capital raise - Placement	250,000,000	0.1200	30,000,000
Sep-25	Capital raise - Share Purchase Plan	33,918,984	0.1200	4,070,278
Sep-25	Capital raising fees			(1,955,478)
Sep-25	Option Exercise	108,696	0.1196	13,000
Oct-25	Option Exercise	4,591,969	0.1196	549,199
Oct-25	Option Exercise	428,986	0.1196	51,307
Oct-25	Option Exercise	7,707,559	0.1196	921,824
Nov-25	Option Exercise	724,638	0.1196	86,667
Nov-25	Option Exercise	271,739	0.1196	32,500
Dec-25	Option Exercise	902,784	0.1196	107,973
Dec-25	Option Exercise	233,334	0.1196	27,907
Dec-25	Option Exercise	1,100,724	0.1196	131,647
31 December 2025		2,144,604,805		244,003,093

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 12: CAPITAL AND RESERVES (CONTINUED)

(b) Reserves

	31 December 2025	30 June 2025
	\$	\$
Movements in reserves		
Balance at the beginning of the financial year	3,190,652	3,274,209
Share based payment reserve movement	126,428	(124,082)
Performance rights movement	84,849	40,525
Balance at 31 December 2025	3,401,929	3,190,652

NOTE 13: LOSS PER SHARE

	31 December 2025	30 June 2025
	\$	\$
a. Reconciliation of loss to profit or loss		
Loss is used in the calculation of basic and diluted earnings per share	(1,750,044)	(2,026,673)
	No. of shares	No. of shares
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	2,066,956,064	1,544,957,335
Basic and Diluted Loss Per Share (cents)	(0.08)	(0.13)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

NOTE 14: COMMITMENTS

	31-Dec-25 \$	30-Jun-25 \$
<i>Capital commitments- option¹</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Option Purchase:	4,905,000	4,995,000
Total	4,905,000	4,995,000
Proposed expenditure on tenements ²	4,789,267	4,516,667
Proposed expenditure on native title	250,000	250,000
Tenement minimum spend for a year	5,039,267	4,766,667
Kramer Hills Project Earn-In ³	12,792,681	-
Total	12,792,681	-

¹ Capital commitments include contracted amounts for options agreement for the right to purchase properties at the execution date. However, if the company chooses not to execute the agreements, the rights will be forfeited and the amount capitalised as intangible assets in Note 7 will be written off through the Profit and Loss statement.

² Proposed expenditure on tenements for a year represented the average yearly expenditures expected to be spent on the exploration, environmental management and rehabilitation and community consultation activities during the tenement period.

³ The Kramer Hills Project is subject to an earn-in arrangement requiring minimum exploration expenditure and other conditions to earn an interest in the project. Further details of the earn-in terms are disclosed in Note 4.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Capital Commitment	4,905,000	-	-	-	4,905,000	4,905,000

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Exercise of Options

Subsequent to the Half Year Period, the Company issued 7,810,727 fully paid ordinary shares on the exercise of 7,810,727 options at an exercise price of \$0.1196 receiving \$934,162.

Subsequent to the Half Year Period, the Company issued 260,078 fully paid ordinary shares on the exercise of 260,078 options at an exercise price of \$0.145. These options were options issued to employees and contractors of the Company under the Company's Incentive Plan. These employees and consultants utilised the cashless exercise mechanism under the Incentive Plan, whereby the shares issued was based on the difference between the exercise price of \$0.145 and the 5-day VWAP at notice of exercise.

Expiry of Options

Subsequent to the Half Year Period, the Company announced that a total of 2,500,000 unlisted options expiring on 01 March 2026 with exercise price of \$0.30 expired unexercised.

No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- 1 the financial statements and notes, as set out on pages 24 to 39 are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2025 and of the performance for the half-year ended on that date of the Group;
- 2 in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Keith Perrett
Chairman



Jonathan Battershill
Managing Director

13 March 2026